

MEMORANDUM

To: The Healthcare Coverage Advisory Committee

From: Doug Anderson

Re: Responses of the Advisory Committee to Questions Posed at the April 17, 2008 Advisory Committee Meeting

Date: April 24, 2008

This memo reflects the collective responses of the Advisory Committee to questions posed at the April 17, 2008 meeting of the Advisory Committee. Where “yes” or “no” is noted as a response, the Advisory Committee was able to reach consensus as to the question. Where “Reactions were mixed” is noted, some Advisory Committee members supported the concept and others opposed the concept or, in some cases, members expressed they were not sure whether they supported or opposed the concept because they needed further research or wanted to see more specific proposals. Comments from Advisory Committee members are also noted.

Questions for Discussion

1. Do we agree that the State of Ohio should get involved in extending coverage to the uninsured?

Response: Yes.

Several members said that getting the State “involved in extending coverage” is a very general statement and will mean different things to different people.

2. Do we agree that the focus of any coverage expansion should be on:

- a. Lower income Ohioans:

Response: Yes.

- b. Ohioans with health conditions:

Response: Yes.

- c. Small employers:

Response: Yes.

- d. Only people uninsured for a period of time:

Response: Reactions were mixed. It was suggested that this issue should be discussed as part of a conversation on “crowd out” provisions rather than a discussion of “the focus” of coverage expansion.

One person said there needs to be a provision for people who lose their job and insurance. Another person said that “Only” should be removed from the question.

e. Anyone else?

Response: Some members asked to include a high risk pool. Another member responded by saying that the high risk pool is the same as option (2)(b).

The group was asked if they wanted to rank the above groups by priority and decided against doing so.

3. Do we agree that lower income Ohioans need help to purchase health insurance and that the State should provide low income subsidies?

Response: Yes.

A member asked how this would work. Other members said that subsidies should be available in the private market and that subsidies should follow the person, not be tied to one particular insurance product.

4. Do we agree that portability of coverage should be a priority in this reform initiative?

Response: Most Advisory Committee members responded “yes”, but there were also some concerns raised about the impact of portability on the small group market.

One member said that “priority” should be replaced by “should be a component of” in the question. Another member said portability should be tied with affordability.

5. Do we agree that uninsured Ohioans should not be denied access to health insurance coverage because of health conditions?

Response: Yes.

One member gave a caveat/clarification to her response by saying she only agreed to providing people with a guaranteed point of access to coverage.

If so,

- a. Do we agree that Ohio should require that health insurance carriers offer coverage to Ohioans on a guaranteed issuance basis regardless of their health status?

Response: Yes.

Several people said that guaranteed issue would be acceptable if paired with a mandate to keep coverage affordable. Another person said that people without access to affordable coverage should not be subject to the mandate.

- b. If we move to a system where coverage is issued on a guaranteed basis, should we recommend rules that discourage people from waiting until they are sick to purchase coverage?

Response: Yes.

- c. Should we prevent carriers from issuing riders that permanently exclude coverage for pre-existing conditions?

Response: Yes.

A member said that if insurers are not able to exclude pre-existing conditions the result will be higher premiums for all.

6. In the individual market, should we change the rating rules to make coverage more affordable for higher risk individuals or should we leave them the same?

Response: Yes to changing the rating rules to make coverage more affordable for high risk individuals.

- a. If we change the rating rules, should place lower limits on rates charged to higher risk individuals?

Response: Yes.

- b. Should we move to:

- i. a 5 to 1 rating variance for all rating factors?
- ii. a 2 to 1 rating variance for all rating factors?

Response: Reactions were mixed. However, there seemed to be a collective concern that 2 to 1 rating band was too narrow.

One member said that she leans towards a 5:1 rating band and that 2:1 was too narrow. Other members opposed narrowing the rating bands for the entire market because it will raise rates and cause disruption. Some members thought that the focus should instead be on lowering rates for high risk individuals. Another member objected that these were the only options.

7. Should Ohioans be required to purchase health insurance coverage if affordable coverage is available to them?

Response: Yes.

A member said that individuals should not be penalized if coverage is not affordable.

8. Should employers be asked to contribute to the cost of health insurance coverage for their workers?

Response: The question was clarified to read that employers be “required” to contribute to the cost of coverage. Reactions were mixed, with some members supporting the concept and other members not supporting the concept.

One member said that employers should not be required to offer coverage to workers, but they should be required to contribute something toward the cost. Another member said that we should incentivize small employers instead of undermining them. There was general agreement that we want to keep in the system the money that employers are currently contributing.

9. Should employers be asked to establish Section 125 plans so that workers can buy health insurance coverage on a pre-tax basis if they pay for it themselves?

Response: The question was clarified to read that employers be “required” to establish Section 125 plans for workers. The response was a yes by consensus. A member added that this should also include employers who do not offer health insurance coverage.

10. In Ohio’s small group market, should we change the rating rules or should we leave them the same?

Response: Reactions were mixed.

One member said that the rules were just recently changed (SB 5, effective 3/07) so there really isn’t any need to do so. She added that there are protections in place for the individual in small groups, which limits the ability of a carrier to raise rates

significantly from one year to the next. Another member said that volatility is a big issue for small groups and that rates need to be more predictable for small groups. He also added that the segmentation of the market complicates this. Another member said that more small groups will be harmed than helped if the rating bands are compressed and caution should be used before the group decides to do this. Another member requested the Milliman study commissioned by ODI. Another member asked if reinsurance would mitigate the impact of compressing the rate bands

- a. If we change the rating rules, should we place lower limits on the rates charged to small businesses with higher risk employees.

Response: Reactions were mixed. Again, reference was made to the recent passage of SB 5.

- b. Should we move to:
 - i. a 5 to 1 rating variance for all rating factors?
 - ii. a 2 to 1 rating variance for all rating factors?

Response: Reactions were mixed.

11. Should we combine the individual and small group markets?

Response: Reactions were mixed.

One member said that this merger would kill Ohio's strong health insurance marketplace and that small groups should not be subsidizing individuals. Other members supported the concept of a merger. A member suggested that if we do merge the markets we should help defray the increased costs to small employers. It was noted that Dave Dillon had completed some modeling work on a scenario that did not involve a merger of the markets and this information would be distributed soon. Some members reserved judgment until they received this new information. It was noted that the Ohio market is very different than the Massachusetts market.

12. Should we combine the individual and small group markets if we create a mechanism so that average rates do not increase for small businesses?

Response: Reactions were mixed about merging the markets.

13. In terms of funding,

- a. Do you agree that Medicaid should be a source of funding?

i. If so, should we tap the following funding sources:

1. Medicaid waiver
2. Medicaid expansion
3. Redirection of HCAP funds

Response: Some members felt that Medicaid expansion was the cheapest way to expand coverage to the uninsured. It was pointed out that we must start with enrolling those currently eligible for Medicaid. Others felt that the problems with the level of provider reimbursement and primary care provider scarcity would create future sustainability issues. One person said that a Medicaid expansion was the lesser of the three evils, when compared to a waiver or redirection of HCAP funds. Another member felt that a Medicaid waiver and redirection of HCAP funds weren't new sources of funding, just redirection of existing funding. Another member felt that redirection of HCAP funds would harm hospital financing because these funds are not just used to pay for uncompensated care and that an effective solution must include addressing the cost curve.

b. Should we look to those involved in the health care system to help fund the cost of coverage?

i. If so, should we look to the following to contribute to the cost of coverage:

1. Hospitals
2. Insurers
3. Providers
4. Employers
5. Individuals
6. All of the above should share

Response: Reactions were mixed. Some committee members supported a public-private broad based system of funding. Some suggested that having hospitals or providers fund any coverage expansion was unacceptable and would do more harm than good. One member pointed out the difficulty that providers, specifically family practice providers, would have in passing along the cost of the assessment. Col Owens distributed a worksheet that allocated funding assessments to stakeholders based on what each group contributes to Ohio's GDP. The question was raised as to whether this funding assessment scheme would violate

ERISA. A member said that all stakeholder assessments should be on the table for the SCI Team.

c. Should we be looking at other funding sources, such as:

i. Sin taxes:

Response: Reactions were mixed.

Some noted that sin taxes were a bad source of revenue because they will not keep pace with health care inflation. Others objected because sin taxes are regressive, causing lower income people to pay a greater percentage of their income to the tax. Others noted that sin taxes may improve people's health.

ii. Other?

Response: Junk food, luxury, and casino taxes were mentioned.

14. Where possible, should the existing Medicaid program (CFC) be expanded to higher income levels to coverage more Ohioans?

Response: Yes.

15. Should Ohio focus on getting people currently eligible for Medicaid covered by Medicaid?

Response: Yes.

16. With respect to a program to expand coverage to the uninsured,

a. Should the state take a role in making sure the benefits include coverage for preventive care, primary care and chronic care management?

Response: Yes.

i. If so, should there be low cost sharing for preventative care, primary care and chronic care management.

Response: Yes.

b. Should the state take a role in making sure there are incentives for healthy lifestyles and compliance with prevention and care management recommendations?

Response: Yes.

Several members gave a caveat/clarification to their responses, saying they did not want to see penalties imposed on members for failure to abide by rules. Another member mentioned that one person's incentive could be construed as a penalty for someone who does not comply, and that care must be taken in establishing rules and rewards.

- c. Should the state get involved in provider reimbursement rates with respect to coverage expansion programs?

Response: Members generally thought it might be okay for the State to get involved, but their support would depend on how the state got involved.

- d. Do you agree that low income Ohioans should have cost sharing requirements appropriate to their income?

Response: Yes. One member said that it is important that all consumers contribute to the program in some way, even if it means that low income people are required to pay low copays (even as low as \$1 or \$2). Others disagreed saying low copays are barriers to care for low income people.

17. Should the State of Ohio take a proactive role in reaching out to uninsured Ohioans to help get them health insurance coverage?

Response: Yes.

One member felt that the State should not compete with the private sector but should award contracts to private entities who are already in place to do this; another suggested the State and private entities could compete, with contract/bids being awarded to the best proposal(s). Another said that the State may not be the best delivery mechanism for marketing. Others felt that it would be OK for the State to manage these functions. One member felt that insurance agents must be involved with enrolling people.

- a. If so, should the State:

- i. Educate and inform Ohioans about their health insurance options;

Response: Yes.

- ii. Conduct marketing and outreach;

Response: Yes.

- iii. Serve as a resource to consumers;

Response: Yes.

- iv. Provide information about available plans and prices;

Response: Yes.

- v. Help Ohioans enroll in coverage;

Response: Reactions were mixed.

One member said that insurance agents should be involved in enrolling people in coverage and that the state should not compete against the private market.

- vi. Determine eligibility for low income any subsidies;

Responses: Yes.

- vii. Establish standards for plans marketed or sold with state involvement;

Response: Yes. Reactions were mixed.

There was disagreement about the extent of the state's involvement.

- viii. Set premium rates for coverage sold with state involvement.

Response: Reactions were mixed.

There was disagreement about the extent of the state's involvement.

- ix. Allow any carrier willing to meet established standards of offer coverage through a state program to cover the uninsured – or – limit involvement to companies that have successfully bid to offer coverage through the program (similar to the Medicaid Managed Care program)

Response: Reactions were mixed.

There was disagreement about the extent of the state's involvement.

- b. Should a new organization be established with the specific purpose of reaching out to Ohioans to help them get covered? If so,

Response: Reactions were mixed.

One member asked whether the Department of Insurance could fill this role. Another member said that more centralization and coordination helps consumers get information and that the consumers needed help. Other members pointed out that the infrastructure already exists and a new organization will duplicate the function of brokers and is not needed. A new organization will need more resources. The benefit bank was mentioned. An audience member asked people to check out Oklahoma’s O-EPIC Program, which is sort of a connector-lite concept. A comment was made that the state should use any left-over resources to report the results of the marketing efforts, specifically focusing on the successes and failures of the program. Having a central point for the various entities involved in the health coverage initiative was mentioned as a valuable addition, and the School Employees Health Care Board was mentioned as an example of this idea.

- i. should the new organization be supported by State funding?

Responses: Yes. It was generally agreed that state funding for outreach was a good idea.

- ii. should the new organization be a purely private organization as opposed to an organization with state involvement and oversight.

Response: Reactions were mixed. Some members thought the functions of a connector could be performed by a private organization (or that the state and private entities should submit competing proposals for a connector, with contract(s) awarded to the best bid(s)). Others thought the state should outsource such functions. Others thought that any new organization was not necessary and that entities currently doing outreach could handle the marketing.

18. Should the State establish a reinsurance program, funded with State dollars, to reduce health insurance rates?

Response: It was generally agreed that reinsurance could be an effective mechanism to get more affordable coverage to the uninsured.

Some members said that they would like more data on reinsurance. Some members said that this question would be clearer if it said “publicly funded” instead of “funded with State dollars.”

- a. If so, should the reinsurance program be targeted at:
 - i. Only uninsured Ohioans (working and not working); or
 - ii. Small businesses that currently offer coverage;
 - iii. Individuals that are currently insured.

Response: Reactions to these categories were mixed. It was suggested that the target group should be the highest risk individuals in the individual and small group markets.

19. Do you believe affordable and access can be improved by:

- a. Fair cost sharing:
- b. Reasonable provider reimbursement rates

Response: Yes.

Response: Yes.

Some members mentioned that some of these items work at cross purposes. For example, higher provider reimbursement rates may improve access but they also may impact affordability and sustainability.

- c. Subsidies to lower income Ohioans

Response: Yes. It was mentioned that these subsidies should also be available in private plans.

- d. Tax credits:

Response: Reactions were mixed.

The group clarified that this item refers to refundable tax credits. Someone asked whether this related to tax credits for individuals or businesses. With respect to individuals, a member said the credits would have to be advanceable for low income people. One member said that tax credits often are not enough for low income people to pay for the full cost of health insurance, saying: "It's like a 10 foot rope for a 40 foot hole."

- e. Guaranteed issuance of coverage

Response: Reactions were the same as the reactions to the earlier question on guaranteed issue.

- f. Other

20. Should the State attempt to address other issues that may help to make any coverage expansion program sustainable?

a. If so, should the State take an active role in addressing:

i. Provider access issues

Response: Yes.

ii. Medical home models for delivering care

Response: Yes.

iii. Increased funding for Community Health Centers

Response: Yes.

iv. Health Information Technology

Response: Yes.

v. Health care quality and outcomes

Response: Yes. One member stated that this was just as important as the coverage initiative.

vi. Transparency

Response: Yes.

vii. Other?

Response: A member suggested reading Karen Davis' report (and attending her presentation) and reading the BRT's report.

Another member suggested that the SCI Team (1) use a multi-stakeholder approach (2) use the information on the chartered value exchanges (from the Health and Human Services website) and (3) attend the June 24 Medical Home discussion sponsored by Access Health Columbus. Another member asked if the Advisory Committee would be discussing the new data from Dave Dillon—Doug said that he would send it out on email. Several members suggested convening a similar public-private multi-stakeholder group to address delivery reform and broader healthcare reform beyond coverage for the uninsured.